

COMMENTARY

FOUNDING THE NEW STATE

An Expert's Estimate of the Tasks Ahead

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A WORLD of dreams has come true against the background of twenty centuries of martyrdom and a tenacious struggle for survival—this was the first, the emotional reaction to the United Nations decision on Palestine. More than a state and a haven of refuge were created in that fateful hour. The ethnic identity and continuity of Jewish national existence was reasserted. An epoch of national renaissance was inaugurated.

However, appreciation of the event cannot be confined to this emotional reaction. It is a political event, and analysis must first and

FEW people are better qualified than DAVID HOROWITZ to chart for American readers the problems involved in implementing the UN decision for the establishment of a Jewish state in Palestine. Mr. Horowitz has been for many years the chief economic adviser to the Jewish Agency, and has written widely and authoritatively on the economic aspects of Jewish Palestine. He is director of the Economic Department of the Jewish Agency, co-director of the Agency's Economic Research Institute, and author of numerous books, including *Aspects of Economic Policy in Palestine* (1936), *Jewish Colonization in Palestine* (1937), *Economic Survey of Palestine* (with Rita Hinden, 1938), and *Postwar Reconstruction* (1943). He is now in the United States after a brief visit to Palestine, where he makes his home in Tel Aviv. He was born in Drohobycz, Poland, in 1899, was educated in Poland and Vienna.

foremost deal with its political significance.

The recognition of the Jewish people as a distinct ethnic entity and, by virtue of its ethnic distinction, a national entity, is one of the most important political features of the developments at the UN. The Ad Hoc Committee of the UN admitted Jews on an equal footing to the community of nations—even though only for this unique occasion. Jewish representatives appeared as the legitimate, recognized protagonists of a national interest.

There was another important departure. The Jewish case was not backed by any physical power that might be thrown into the scales. This struggle for liberation in the UN forum was as unique as the entire Jewish and Palestine problem. The justice of the cause, the concrete and constructive achievements in Palestine, the fact of a living national reality there, the rights and the dire need of the Jewish people—these, rather than the usual counters of power politics, were the weapons used in this phase of the struggle that closed with the resolution of the UN General Assembly.

That the Jewish cause would prevail in the Unscop report could have been expected. An inquiry commission assumes, by its very function and composition, a semi-judicial character, and, though aware of political implications, it cannot disregard the merits of the case which it is appointed to examine. In the

General Assembly, on the other hand, political considerations loom supreme, and the Jewish representatives were at a tactical disadvantage. They had accepted the principles of the Unscop report as a compromise solution, since the General Assembly, they knew, would not endorse any solution which did not command the support of at least one of the contending parties. At the same time, this acceptance made the Unscop compromise report appear a definitely Jewish solution, and reinforced the tendency to look for a new compromise between the demand for an Arab state in all of Palestine on the one hand, and partition and Jewish immigration on the other. Further, the strong representation of the Arab states in the Assembly gave them superior bargaining power for their efforts.

American-Russian cooperation, however, turned out to be decisive. The task of the Jewish delegation had appeared beforehand as a fool's errand, since, as British observers often remarked, the required two-thirds majority could be secured only if an identical solution received the endorsement and support of both the United States and the Soviet bloc.

The miracle happened, however. The United States and the Soviet Union cooperated on the Palestine problem in a most cordial and practical manner. A significant and promising experiment has been made, and an encouraging precedent has been established. It augurs well for the spirit which will emanate from the new Jewish state that this miracle of peaceful cooperation between the two most important world powers was achieved in the process of its formation.

However, the political success at Flushing Meadows, notwithstanding its far-reaching implications, cannot alone secure the establishment of the Jewish state. The core of the Palestine problem is the implementation of the solution adopted by the UN. The danger posed by the creation of a political and military vacuum in a strategically and politically important area makes it a matter of the utmost urgency that a practical means of implementation be found.

IN THE center of attention at present are the military and economic aspects of the establishment of the Jewish state and the inauguration of immigration on a large scale. The military problem takes precedence over all others, for the Arabs are trying to achieve by military action what they could not obtain by pleading their case before the UN.

Military action by the Arabs is likely to take three forms: (1) local troubles and an armed uprising of the Arab population of Palestine; (2) infiltration of armed bands from neighboring countries, smuggling of arms into the country, and financial and moral support extended by the Arab states to the Arabs of Palestine; (3) actual armed intervention by the Arab states.

The first of these is almost a certainty, and the present disturbances appear to be a prelude to something more serious, which will be more than a probability once the evacuation of British troops has been completed. Any solution of the Palestine problem had to result in local clashes; no solution at all would have meant even more widespread and prolonged strife and bloodshed. Local disturbances, however, are expected to be dealt with by the militia to be established by the UN commission, which, in the Jewish state, would be the Haganah, a force well able to deal with any localized trouble. In the military sense, there is hardly any numerical disparity between Jews and Arabs in Palestine, taking into account the population of military age and its military preparedness and training. Moreover, a larger proportion of the population can be mobilized for defense than for aggression, which favors the Jewish side. As to training, equipment, keenness, intelligence, and resourcefulness, the Haganah is certainly superior to the Arab quasi-military organizations in Palestine.

The situation will become more serious if, as may well happen, the local Arab forces are strengthened by armed bands, weapons, and money from neighboring Arab countries. The independent Arab states can obtain virtually any quantity and category of arms for which they are willing to pay, while the Jews of Palestine cannot, and a disparity in

equipment, particularly heavy equipment, would render the task of Jewish defense very difficult.

THE prospect of open intervention by neighboring Arab states appears more remote, but if materialized, it would make the situation fairly serious. The difficulties of intervention would be formidable. Arab states engaging in an open war of aggression would probably have to leave the UN, which would have a most detrimental effect on their vital interests and prestige. In addition, the military value of the Arab armies is limited, and a campaign in Palestine against determined and bitter resistance would tax their strength to the utmost. The Egyptian, Iraqi, and Saudi armies would have to cross vast expanses of desert, with long and flimsy lines of communication and supply. The only valuable military forces, the mechanized and well armed Arab Legion and Transjordan Frontier Force, are, for political reasons, unlikely to embark on such a military venture. Moreover, geographical and military handicaps are aggravated by political difficulties. Iraq may have to cope with a Kurdish revolt in the rear. Lebanon cannot disregard the existence of a large Christian minority which is by no means hostile to the establishment of a Jewish state, and whose leaders went so far as to support such a resolution in their evidence before Unscop. King Abdullah of Transjordan would hardly allow his mortal enemy Ibn Saud to cross his country on a military expedition against Jewish Palestine. The semi-feudal structure of the Arab states accentuates the antagonisms of the chieftains and lords of Arabia. Financial and economic difficulties must also be borne in mind.

Notwithstanding all these obstacles, it would be folly to discard completely the grim possibility of a formidable array of forces being marshalled against the nascent Jewish state.

In the event of local disturbances supported by Arab states and an infiltration of armed bands, successful defense would depend on the manner of British evacuation,

the extent of preparedness of the Jewish militia, and help from abroad. If British evacuation is gradual, as requested in the UN resolution, and a port with sufficient hinterland is evacuated first, this would permit the building up of a Jewish military force in an area temporarily isolated from the rest of the country. If, however, evacuation were to be precipitate and simultaneous all over the country, the clash with the Arabs would precede the consolidation of a militia and of Jewish governmental organs.*

The question of British evacuation, far from being a purely technical one, is thus essentially political, and its handling will depend on the British attitude towards the UN decision on Palestine. It will also provide a test case for British cooperation with the UN Commission and the Commission's ability to assert its authority.

As for the militia itself, it will be faced, first and foremost, with the problem of supply and equipment, especially heavy equipment, which would have to be provided by the UN Commission and Jews in other countries. The mobilization for defense of nearly the entire manpower of the young state, badly needed for agricultural and industrial production, will also constitute a serious economic problem, which the state can hardly be expected to handle alone and unaided.

The grave possibility of an attempt by Arab states to invade Jewish Palestine would have to be met by the Security Council of the UN. Only this body is now left competent to deal with such a question. If it were to tolerate such a flagrant flouting of its decisions and leave the solution of the problem to a free-for-all, its ability to command any respect for its authority would be seriously impaired.†

*On January 21, Sir Alexander Cadogan told the UN Palestine Commission that Great Britain would not comply with the UN recommendation for the evacuation of a seaport and its surrounding territory.—Ed.

† Since this article was received, Moshe Shertok, head of the Political Department of the Jewish Agency, has announced that the Agency would request the United Nations to set up an international police force to help enforce its decision on Palestine.—Ed.

ANOTHER aspect of the situation, equal in importance to that of security and interdependent with it, is immigration. The pace of immigration will be dictated by the conditions under which Jews have to live in various countries of the Diaspora, and by the exigencies of the situation in Palestine—i.e., considerations of security.

There is every possible reason to accelerate the rate of immigration above the 150,000 proposed in Unscop's report for the first two years. Terrific pressure from the Diaspora must be expected. Jews still in assembly centers in Europe, in the third year after the end of the war, are not likely to be in a mood to wait any longer. They will certainly claim the right to immigration into the Jewish state before the winter of 1948-49. The threats of Arab governments against their Jewish citizens may create a menacing situation for Jews in the Middle East, leading to precipitate emigration from those countries. In addition, the safety of the Yishuv, exposed to Arab onslaught, may well depend on numerical reinforcements by immigration.

The concurrent tasks of defense against formidable forces and absorption of large-scale immigration impose on the Yishuv a heavy, indeed an almost intolerable burden. Imagine that the Jewish community of the United States had to absorb in one year no fewer than 800,000 immigrant Jews, nearly all of them destitute; this represents approximately the same proportion as 100,000 additions to the Jewish population of Palestine. And even this gives no accurate picture of the difficulties which the Jewish state must encounter, since the economy of the United States, its resources and capacity of economic absorption, are incomparably greater than those of Palestine.

While coping with this enormous burden, the Jewish state will also have to subsidize the Arab state—as decided by the UN—with an amount equal to some five per cent of its national income. And of course it will have to devote a considerable proportion of its funds to the Arab minority within its own borders, with a view to raising its standard of life: obviously, it would be morally and

practically impossible to maintain the Jewish standard of life without extending to the Arabs the same educational, health, and other services as are enjoyed by the Jews.

It is true that an influx of immigrants of similar proportions was once—in 1935—absorbed by Palestine in a single year. But a considerable proportion of those immigrants brought their equipment and capital with them, and it was a period of surpluses, not of shortages as is the case now. The present economic condition of the Jewish community in Palestine leaves a very small margin for further sacrifices. Already, nearly one-third of the national income of the community is absorbed either by taxes or voluntary contributions. This burden can hardly be increased to any appreciable extent, in view of the fact that, in terms of services and commodities, the national income per head of the Jewish population of Palestine is only about one-third of the income per head in America.

If the immigrants are really to be absorbed into the country's economy, they must be provided with housing, industrial and agricultural machinery, irrigated land, all kinds of tools and implements. Large funds will be required for rehabilitation and vocational training, and the large proportion of children to be admitted and supported until they reach working age will increase the difficulty and the cost of absorbing the coming wave of immigration.

The estimate of 400 million dollars for the first 150,000 immigrants, exclusive of defense and security, is certainly not too high.

Of course, part of this expenditure for the absorption of immigrants will be borne by private capital. A large influx of immigrants will stimulate the building industry and agricultural and industrial production, and thus will increase purchasing power. In the long run, however, the absorption and full employment of new immigrants involves the complete transformation of the country and the widest possible utilization of its resources. Poverty of resources must be compensated for by improved, more intensive exploitation, lack of space by larger investment of capital, greater technical proficiency,

and higher productivity. Space is interchangeable with capital and skill, and Palestine's deficiency of the former can be compensated for by a surplus of the latter.

These short-term plans for new immigration, however, must be dovetailed into a long-range plan with a logical and rational pattern.

AT PRESENT the distribution of the Jewish population in Palestine is unsatisfactory from an economic as well as from a security point of view. The bulk of the population is concentrated in the coastal plain, leaving the extremities in the north and south—Huleh and the Negev—with very few Jews. This cannot continue in the long run; and in any case, such unexploited resources as Palestine possesses (both agricultural and mineral) are to be found at the extremities. It will be imperative to increase food production because of the world situation and Palestine's adverse trade balance. This implies the improvement of new areas and the execution of large-scale irrigation plans, which are costly and technically difficult.

Large numbers of immigrants can be absorbed only if the pace of industrialization is accelerated. Industry will have to be based on skill and knowledge and on the natural resources of the country, such as the mineral resources of the Dead Sea, and the industrially useful by-products of the oil refineries and the citrus plantations. Imports of machinery will be essential. Industries based on skill and knowledge, the so-called processing industries, using light raw materials for which the cost of transport is unimportant, have done fairly well in Palestine, thanks to the influx of experts from the European continent, and should be furthered. Diamond cutting and polishing, the fashion industry, the production of all manner of gadgets and machinery, are cases in point.

The pace of agricultural and industrial development will depend, first and foremost, on the import of capital and availability of skill. Since the First World War, Jewish investments in Palestine have attained the sum of 600 million dollars and have made it eco-

nomically possible to establish an additional population of over half a million Jews. The cost of absorption of immigration in the future, however, will depend to some extent on the prevailing level of world prices and will undoubtedly be larger.

THE main long-range problem which the partition scheme as the solution of the Palestine problem creates is that of the economic absorptive capacity of a small country. Economic absorptive capacity, it is true, depends more on social and economic and political conditions than on area, yet this contention is valid only within certain limits. How can the country's limitations be overcome?

The existence of a Jewish state permits a progressive economic policy that may help to compensate for the contraction in area in a way that the Mandate government's policy could not. Economic fluctuations in Palestine are to a great extent dependent on changes in immigration and capital influx. An independent economic policy may prove an attraction to capital, while autonomy in the regulation of immigration will assure a correspondingly greater influx of immigrants. A progressive customs policy can aid industrialization, and the influx of immigrants will expand the market for new industrial production. An independent fiscal policy now opens the possibility of using taxation and spending to prevent steep fluctuations, through the accumulation of surpluses in times of prosperity and the organization of relief and public works in periods of economic recession.

No mechanical calculation of what appears to be the maximum population possible in a given area can provide any reliable estimate of absorptive capacity. Absorptive capacity depends on historical development as much as on natural conditions. Primitive or progressive social systems, civil and national wars are all part of the process determining which shall be the densely inhabited and which the sparsely inhabited areas of the world. Granted a cultivable soil and a habitable climate, social forces in increasing meas-

ure, and the forces of nature decreasingly, determine a country's absorptive capacity.

An interesting example in this connection is Sicily. Sicily's area is almost identical with that of Palestine—9,936 square miles as compared with 10,400 square miles in Palestine. On this small area, Sicily supported in 1925 a population of 4,061,000. This community does not consist of densely populated urban agglomerations. It "lives almost exclusively by agriculture" (in the words of the *Encyclopaedia Britannica*). Up to 70 per cent of its exports are agricultural. The only industries are table salt, sulphur, citric acid, wine, and some vegetable preserves. The population is on the whole poor, and the lack of capital impedes any progressive development. It is striking that, in spite of the lack of capital and initiative, and the non-existence of modern industry, so large a population can be supported.

Some instances will illustrate the dependence of absorptive capacity on social and economic conditions. In the 10,000 square miles of Palestine, some two million people find it possible to subsist today, while almost the same area supports a population of six million in Lombardy and of eight million in Belgium. On the other hand, Transjordan has a population of only 350,000 in an area three and a half times that of Palestine, while Iraq, an area as large as Palestine, supports at present a population of only 200,000.

The flow of migration also illustrates this point. Arab immigration flows from sparsely populated Syria and Transjordan, into relatively densely populated Palestine, but there is no reverse movement from Palestine into these countries. The government census of 1931 established the fact of internal migration within Palestine from the less densely populated Arab areas into the coastal plain, which is more densely populated and is also the area of Jewish development. Thus the foot-rule is not the primary measuring rod of absorptivity.

The plans worked out by the Jewish Agency in Jerusalem and its subsidiary scientific and research institutions provide for

the absorption of one million Jews within ten years. Of course, this master plan is only a working projection of the task and not a hard and fast blueprint which must be adhered to under any conditions.

ANOTHER problem with which the Jewish state will be faced in its initial period is the internal political situation. The tasks of finance, immigration, and long-term economic absorption will, to a certain extent, depend on single-mindedness and unity of purpose within the Yishuv. The internal conflicts and profound differences of opinion on the methods to be employed in the struggle for Jewish liberation are well known. The existence of dissident groups greatly affected the Yishuv's capacity to present a united front and to forge a co-ordinated policy of its own in all spheres of life.

There is good reason to assume that this difficulty will be alleviated in the near future. Terrorism breeds on despair and frustration. The dissident groups and many of their supporters are united solely by this feeling of desperation, and by their revolt against the fact that the remnants of the European holocaust are prevented from reaching a haven of refuge in Palestine. There is hardly any indication of a common political outlook among the rank and file of the groups and their sympathizers. Terror and violence are, in their very nature, repugnant to the Jewish spirit, and particularly to the spirit of the Yishuv. During the riots of 1936-39, the Yishuv manifested an almost superhuman capacity for self-restraint. It needed a tremendous disillusionment and hopelessness to force a comparatively small section of youth into terrorist activity as a means of national policy.

Now the Yishuv will be faced with the task of absorbing hundreds of thousands of immigrants, and building a new state and a new economy—a task which will tax its strength, resources, and abilities to the utmost. Under such circumstances, any inclination to embark on dissident adventures will hardly be backed by a substantial portion of the Yishuv. A violent conflict with

the dissident groups must therefore be considered as unlikely, even if there is little prospect of, and probably no need for, any formal unity.

As for relations between the various parties, groups, and schools of thought within the Jewish state, one may look forward to a substantial degree of unity in regard to the multitude of external tasks to be tackled. This does not imply political uniformity, and no doubt there will continue to exist within the Yishuv, as within any other normal non-totalitarian body, a fair amount of political differentiation.

PROVIDED a similar degree of unity on the most essential issues is achieved simultaneously among Jewry abroad, the internal political background should be fairly satisfactory. World Jewry will have to provide the equipment and capital for the immigrants coming to Palestine, while the Yishuv must provide the means for building up the Jewish state. Such unity had already been achieved at the UN, with Zionist and non-Zionist bodies cooperating, and it is to be hoped that this unity will be preserved during the much more difficult and prolonged stage of actual state building.

Recognition of Jewish national existence by the UN should have an additional unifying effect. American Jewry—today the largest, richest, and most powerful Jewish community in the world—must play a predominant part in this process of establishing the

Jewish state and salvaging the remnants of European Jewry, and a large proportion of Middle Eastern Jewry, through their settlement in Palestine. We must also look to American Jewry to provide the political support of which the nascent Jewish state has great need. This will be the easier since such support, far from involving American Jewry in a conflict with its government, will mean support of the declared policy of the United States government. No less important are the economic tasks which will naturally devolve upon American Jews, who represent practically the only appreciable source of the capital and equipment needed for the immigration and settlement of Jewish masses in Palestine. Another important factor: the immigrants cannot be refugees only. The state will require a sprinkling of technical intelligentsia and a leaven of Jewish elements from free countries, of which the United States is the most important.

The UN decision will provide a supreme test for Jewry, such as it has not had to face for twenty centuries. The manner in which the Yishuv and the Jews throughout the world meet this test will decide whether Palestine is to become a haven of salvation or a death trap. Here is a challenge to all the creative forces of Palestine and of Jewry as a whole. The year just ahead will show whether these forces are equal to the great historical task placed upon the Jewish people by its own destiny and by the world's verdict.